



# WEINLANDER FITZHUGH

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& CONSULTANTS

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ST. CHARLES DISTRICT LIBRARY  
ST. CHARLES, MICHIGAN

FINANCIAL STATEMENTS  
MARCH 31, 2004

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**RSM! McGladrey Network**  
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# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>ST CHARLES DISTRICT LIBRARY</b>	County <b>SAGINAW</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>5/11/04</b>	Date Accountant Report Submitted to State: <b>8 October 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

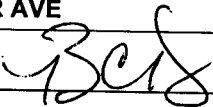
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>WEINLANDER FITZHUGH</b>			
Street Address <b>1600 CENTER AVE</b>		City <b>BAY CITY</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48708</b>	Date <b>8/19/04</b>

INDEX

PAGE

INDEPENDENT AUDITORS' REPORT

1

COMBINED BALANCE SHEET - ALL FUND TYPES  
AND ACCOUNT GROUPS

2

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

3-4

NOTES TO FINANCIAL STATEMENTS

5-9



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## INDEPENDENT AUDITORS' REPORT

May 11, 2004

Library Board  
St. Charles District Library  
St. Charles, Michigan

We have audited the accompanying general purpose financial statements of the St. Charles District Library, St. Charles, Michigan as of and for the year ended March 31, 2004, as listed in the index. These general purpose financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Charles District Library, St. Charles, Michigan as of March 31, 2004, and the results of its operations for the year then ended, in conformity with U.S. generally accepted accounting principles.

*Weinlander Fitzhugh*

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ST. CHARLES DISTRICT LIBRARY  
Combined Balance Sheet -  
All Fund Types and Account Groups  
March 31, 2004

	Governmental Fund Types	Account Groups		Total (Memorandum Only)
	General	General Fixed Assets	General Long-Term Debt	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 124,415	\$ 0	\$ 0	\$ 124,415
Taxes receivable	13,864	0	0	13,864
Fixed assets	0	897,877	0	897,877
Amount to be provided for retirement of general long-term debt	0	0	116,200	116,200
Total Assets	<u>\$ 138,279</u>	<u>\$ 897,877</u>	<u>\$ 116,200</u>	<u>\$ 1,152,356</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts payable	\$ 4,836	\$ 0	\$ 0	\$ 4,836
Mortgage notes payable	0	0	116,200	116,200
Total liabilities	<u>4,836</u>	<u>0</u>	<u>116,200</u>	<u>121,036</u>
<u>Fund Balances</u>				
Investment in general fixed assets	0	897,877	0	897,877
Unreserved	133,443	0	0	133,443
Total fund balances	<u>133,443</u>	<u>897,877</u>	<u>0</u>	<u>1,031,320</u>
Total Liabilities and Fund Balances	<u>\$ 138,279</u>	<u>\$ 897,877</u>	<u>\$ 116,200</u>	<u>\$ 1,152,356</u>

See accompanying notes to financial statements.

ST. CHARLES DISTRICT LIBRARY  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Revenues</u>			
Property taxes:			
St. Charles Township	\$ 47,646	\$ 47,922	\$ 276
Swan Creek Township	48,900	52,041	3,141
Brant Township	28,839	30,062	1,223
Penal fines	36,000	36,991	991
State aid	3,231	4,749	1,518
Contributions:			
Eva Earle Trust	2,500	4,408	1,908
Building	600	603	3
Other	4,000	5,749	1,749
Memorials	3,000	2,376	(624)
Book fines and fees	4,400	3,908	(492)
Grants	0	0	0
Interest	1,000	388	(612)
Other	3,500	3,352	(148)
Total revenues	<u>183,616</u>	<u>192,549</u>	<u>8,933</u>
<u>Expenditures</u>			
Library:			
Salaries and wages	84,920	84,197	723
Payroll taxes	6,511	6,450	61
Supplies	4,200	3,579	621
Periodicals	3,563	3,475	88
Board fees	1,700	1,620	80
Membership dues and fees	17,300	16,939	361
Professional services	2,600	2,450	150
Postage	1,500	1,475	25
Telephone	1,600	1,591	9
Travel	1,250	1,214	36
Workshops	1,450	1,385	65
Reading programs	1,600	1,412	188
Insurance	6,150	6,126	24
Utilities	4,500	4,448	52
Maintenance and repairs	5,600	3,466	2,134
Miscellaneous	1,690	(143)	1,833
Total library	<u>146,134</u>	<u>139,684</u>	<u>6,450</u>

See accompanying notes to financial statements.

ST. CHARLES DISTRICT LIBRARY  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2004

	Budget	Actual	Variance - Favorable (Unfavorable)
<u>Expenditures</u> (continued)			
Debt service:			
Principal	\$ 0	\$ 4,288	\$ (4,288)
Interest	5,400	5,332	68
Total debt service	<u>5,400</u>	<u>9,620</u>	<u>(4,220)</u>
Capital outlay:			
Books, periodicals, and equipment	25,450	24,789	661
Building project	5,600	0	5,600
Total capital outlay	<u>31,050</u>	<u>24,789</u>	<u>6,261</u>
Total expenditures	<u>182,584</u>	<u>174,093</u>	<u>8,491</u>
Excess of revenues over expenditures	1,032	18,456	17,424
Fund Balances - April 1, 2003	<u>114,987</u>	<u>114,987</u>	<u>0</u>
Fund Balances - March 31, 2004	<u>\$ 116,019</u>	<u>\$ 133,443</u>	<u>\$ 17,424</u>

See accompanying notes to financial statements.

**ST. CHARLES DISTRICT LIBRARY**  
**Notes to Financial Statements**  
**For the Year Ended March 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

The St. Charles District Library (Library) was organized under Public Act 164 of 1955 on April 1, 1978. The Act was repealed in its entirety in 1989 and is now governed by the provisions of the District Library Establishment Act, Public Act 24 of 1989. Swan Creek, Brant, and St. Charles Township, the three townships that agreed to jointly establish the Library, each appoints two council members to serve as Library trustees.

**Basis of Presentation**

The accounts of the Library are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types and account groups as follows:

**Governmental Funds**

General Fund - This fund is the general operating fund of the Library. It is used to account for all financial transactions except those required to be accounted for in another fund.

**Account Groups**

The account groups are used to account for fixed assets and long-term debt which are not reported in the respective governmental funds.

**Basis of Accounting**

The Library maintains its accounting records and prepares its financial statements on the modified accrual basis of accounting. Under this basis, revenues are recognized when taxes are assessed and available, grant requirements are met, contributions are pledged or when revenue is otherwise earned. Expenses are recognized when the related liability is incurred.

**Total Columns**

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with U.S. generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.



**ST. CHARLES DISTRICT LIBRARY**  
**Notes to Financial Statements**  
**For the Year Ended March 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget**

The budget for the Library is adopted on a basis consistent with the accounting principles used in the preparation of the financial statements. The budget is adopted at the functional level, and has been amended by the Library Board during the year.

**Cash Equivalents**

Cash equivalents consist principally of certificates of deposit and are stated at cost, which approximates market value.

**Taxes Receivable**

Taxes receivable consists of delinquent property taxes due the Library from various townships in Saginaw County.

**Fixed Assets**

All purchased fixed assets are valued at cost when historical records are available. Depreciation is not recorded in the general fixed-assets account group.

**Accounting Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

**NOTE 2 - CASH AND INVESTMENTS**

**Cash**

Petty cash – At March 31, 2004, the Library maintained an imprest cash balance of \$150.

Demand Deposits - At March 31, 2004, the carrying amount of the Library's deposits (checking accounts) was \$103,965 with a corresponding bank balance of \$107,356. The amount covered by the FDIC is \$107,356. The difference in the carrying amount to the corresponding bank amount is due to outstanding checks at March 31, 2004.

ST. CHARLES DISTRICT LIBRARY  
Notes to Financial Statements  
For the Year Ended March 31, 2004

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**Investments**

The Library has adopted a formal investment policy that permits it to invest in time deposits.

Time Deposits - At March 31, 2004, the carrying amount of the Library's time deposits (savings and time certificates) was \$20,300 with a corresponding bank balance of \$20,300. The amount covered by the FDIC is \$20,300.

**NOTE 3 - GENERAL FIXED ASSETS**

The following is a summary of fixed asset transactions of the Library for the year ended March 31, 2004:

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Books and periodicals	\$ 542,809	\$ 22,932	\$ 6,074	\$ 559,667
Land and improvements	120,937	1,857	0	122,794
Equipment	66,394	0	0	66,394
Furniture and fixtures	67,680	0	0	67,680
Building and improvements	5,773	0	0	5,773
Construction in progress	75,569	0	0	75,569
Totals	<u>\$ 879,162</u>	<u>\$ 24,789</u>	<u>\$ 6,074</u>	<u>\$ 897,877</u>

ST. CHARLES DISTRICT LIBRARY  
Notes to Financial Statements  
For the Year Ended March 31, 2004

**NOTE 4 – GENERAL LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the Township for the year ended March 31, 2004:

	Payable April 1, 2003	Debt Issued	Retired	Payable March 31, 2004
Mortgage note payable to bank, due in monthly installments of \$435, plus interest at 5.0% to June 19, 2004, which at that time the remaining balance is to be paid.	\$ 50,488	\$ 0	\$ 2,751	\$ 47,737
Mortgage note payable to bank, monthly installments of \$400, plus interest at 4.5% to April 1, 2006, which at that time the remaining balance is to be paid.	<u>70,000</u>	<u>0</u>	<u>1,537</u>	<u>68,463</u>
	<u>\$ 120,488</u>	<u>\$ 0</u>	<u>\$ 4,288</u>	<u>\$ 116,200</u>

Aggregate maturities required on long-term debt at March 31, 2004 are due in future years as follows:

Year Ended March 31,	Principal
2005	\$ 49,492
2006	1,836
2007	<u>64,872</u>
Total	<u>\$ 116,200</u>

ST. CHARLES DISTRICT LIBRARY  
Notes to Financial Statements  
For the Year Ended March 31, 2004

**NOTE 5 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

P.A. 621 of 1978, Section 18(1), as amended, provides that local units shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Library's actual expenditures and budgeted expenditures for the budgetary fund have been shown on a functional basis.

During the year ended March 31, 2004, the Library incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

<u>Fund/Function</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Debt Service	\$ 5,400	\$ 9,620	\$ (4,220)